Introduction

I'll begin with **Gil's Three Rules of Managed Care Contracting**. They've been my guiding principles for the more than 25 years I've been consulting with practices and facilities.

1) Having no contract is better than having a bad contract.
2) Bad contracts rarely get better with time.
3) Payors who won't negotiate in good faith deal out bad contracts more often than not.

Burn these into your soul and let them guide you -- especially if during what can be frustrating and sometimes utterly bewildering discussions with third party payors it seems as if you've fallen down the rabbit hole into Alice's Wonderland.

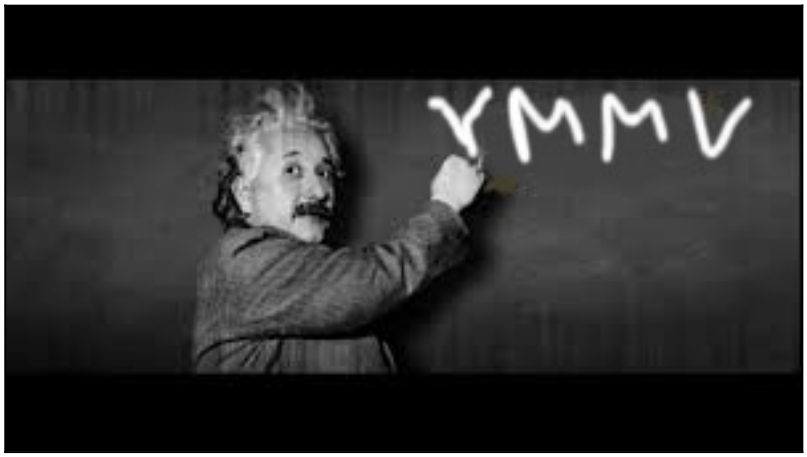
> "Contrariwise, 'continued Tweedledee,' if it was so, it might be; and if it were so, it would be; but as it isn't, it ain't. That's logic."
>
> Lewis Carroll
> *Alice's Adventures in Wonderland* (1865)

Remember this too. The practice of medicine and the business of medicine are inextricably connected. Unfortunately a surprising number of practices and facilities have lost sight of this fact and allowed their contracts (Provider Agreements*) to sit forgotten in a file drawer, year after year, while the costs of running the practice and/or facility have relentlessly increased. With so many other things going on day to day many have just lost sight of the fact that you can't passively take patient encounters to the bank; you can only take profitable patient encounters to the bank.

* Note: One can't go wrong referring to a Managed Care contract by its commonly used name, **Provider Agreement**. Throughout this primer I'll use the terms interchangeably as you're certain to come across both.

Certainly the payors know just how closely the practice of medicine and the business of medicine are connected. They know very well how to play the negotiations game to their advantage, focused on giving out as little as possible – sometimes nothing. After all, every additional dollar conceded to a practice or facility is a dollar off their bottom lines, or a dollar not available to investors. And therein is the present day battle that pits the parties against each other when a practice and/or facility seeks to renegotiate so that the "deals" are financially sustainable.

And as you are reading through the advice I provide suggesting changes to terms and conditions and on ways to “go at” payors for better reimbursements remember that…



Your Mileage May Vary

Yes, what works with one payor in a locality might not work with other payors in the same locality. And some modifications successfully negotiated for the practice’s contract might get a resounding *“No”* when asked of the same payor for the facility, or vice versa.

Sometimes the seemingly capricious **illogic** of it all is astonishing for those on the patient care side. And so to illustrate the importance of YMMV I’ll periodically describe some of the satisfying successes and incomprehensible failures I’ve experienced when dealing with contracting representatives from plans across the country.

Throughout this primer to help guide you on Managed Care contracting matters of which you may be unaware or just fractionally aware I will copy in paragraphs of interest and concern from contracts I’ve worked over the years. **I can’t possibly cover every issue you might come across**, but I’ll certainly describe many that I’ve found to be most interesting or even frightening.

With some experience it should become evident that an issue that has caused you no problems with one payor might be causing you significant grief with another. Based on what I’ll describe here and your past history with a payor is an issue for your practice or facility a “wart” that can be left as-is? Or is it a “WART” that needs attention a.s.a.p. to be excised or trimmed? It will be yours to decide the magnitude of each issue with each payor.

Be aware that while some agreements you encounter will have different headings for the provisions that I show here, that’s OK and not problematic. A dog is a dog and a cat is a cat.

With just a few exceptions in the discussions on contract language payor names will be masked, as will exact locations. Original language of note is highlighted in yellow. I'll indicate suggested deletions in ~~**bold red strike-out**~~ and additions in **bold blue.**

Please do not gloss over the copied contractual paragraphs by jumping to the yellow, red, and blue edits. If you're to develop skill at spotting potentially problematic language it is important that you read it all in context.

On some language issues I'll urge you to speak with an attorney. I realize that hourly fees can add up pretty quickly. And so I have tried to be selective in those matters I suggest are or can be so significant that seeking qualified legal review deserves your strong consideration. The nuances of state and federal Managed Care law, rules, regulations, etc. are many. Throw into the mix ERISA complexities and this is not the place to "do it on the cheap." That's just my opinion of course.

I've written this primer mostly in the first part, sometimes describing how and why I've done this or that. And it's with a purpose that a cheeky, sometimes defiant style flows throughout.

Managed Care contract negotiation can be an incredibly intimidating subject, one that fills many with trepidation. It's no surprise that is the main reason why so many practices and facilities have left their contracts sitting unaddressed for many years. People just don't want to go there.

I get that. And so despite the seriousness of the subject matter I've tried to inject just a bit of humor here and there. You won't find stuffiness in the words or pictures I've selected to convey my opinions and experience. **I am not trying to make light of the business gravity**, but I am trying to assure readers that Managed Care is not the end of ophthalmology. You can negotiate if you understand what's written in the agreements.

Reading through this Primer and then a few of your own agreements you'll soon realize that numerous issues run commonly through them. While the specific wording may vary the importance won't. Critical terms will jump out at you such as "…*from time to time*…" or "…*incorporated by reference*..." or *"Company may amend this Agreement upon Notice and your signature acknowledging this Amendment is not required*."

The adverse and potential consequential risk of not appreciating the meaning of such wording can be profound. But successfully pushing back on physician and/or facility-unfriendly terms and conditions from one agreement can carry you forward to the next.

I do not know to whom these words were first attributed. But they ring true in Managed Care contracting.

"If you're not at the table you're on the menu."